

The Economic Impact of the Military in Missouri

This brief examines the economic impact of active military and federal civilian employment for Missouri. The report finds that the presence of the military in Missouri significantly increased gross state product, employment, and labor income in 2004. Analysis is based on the level of active military and federal civilian employment as reported by the U.S. Department of Defense.

The Military in Missouri

In 2004 the Department of Defense employed a total of 24,510 civilian and active duty military personnel in Missouri; 15,302 military and 9,208 civilian. The majority of these were located at 10 major stations across the state. The table below shows a listing of the 10 major locations with a break out of active duty military and civilian personnel. In addition to individuals working for or serving in the federal military, Missouri had 27,029 members of the Army Reserve and National Guard in 2004.

Military and Civilian Personnel at Major Missouri Locations 2004

Major Locations	Total	Active Military	Civilian
Fort Leonard Wood	12,575	9,945	2,630
Whiteman AFB	4,441	3,716	725
Kansas City	1,938	462	1,476
St. Louis	1,872	559	1,313
Overland	1,023	0	1,023
Belton	387	352	35
Jefferson City	337	2	335
St. Ann	293	0	293
St. Joseph	241	6	235
Springfield	229	37	192

* An additional 1,174 military and civilian employees work at various locations throughout the state.

The Economic Impact of the Military in Missouri

In 2004 the presence of the military in Missouri had a significant impact on the state economy. The presence of active military and civilian employees caused an increase in gross state product of \$3 billion and a \$1.7 billion dollar increase in wage and salary income for Missouri.

In addition to the 24,510 active civilian and military jobs provided through direct employment by the Department of Defense, the presence of the military in Missouri also added another 18,000 jobs to the economy. Increased employment was due to spending on inputs needed for military business as well as jobs generated through expenditures of those employed by the Department of Defense. Aside from federal government employment, the industries with the greatest increases in employment were retail trade (3,793) and accommodation and food

services (2,317). Major employment increases due to the presence of the military in Missouri are listed below. Industries with an employment increase of less than 100 are not included in this table.

Employment Due to the Presence of the Military in Missouri			
Industry	Employees	Industry	Employees
State & Local Government	1,413	Real Estate and Rental	633
Federal Civilian Government	9,208	Professional and Technical Services	684
Federal Military Government	15,302	Management of Companies and Enterprises	116
Construction	1,601	Administration and Waste Services	857
Manufacturing	614	Educational Services	464
Wholesale Trade	452	Health Care and Social Assistance	1,442
Retail Trade	3,793	Arts, Entertainment, and Recreation	450
Transportation and Warehousing	205	Accommodations and Food Services	2,317
Information	261	Other Services	1,768
Finance and Insurance	821		

The Fiscal Impact of the Military in Missouri

The presence of the military in Missouri led to a net increase in state general revenues of \$52 million. Revenues were primarily driven by increases in individual income tax due to the presence of military related jobs in the state. Other tax revenues which increased were sales and use, and corporate income tax. The presence of the military in Missouri caused more people to migrate to the state, increasing state spending on education, public amenities, and social services by an amount of \$28.8 million. However, this spending was offset by a total gain in tax revenues of over \$80 million. The net result for the Missouri state budget was a positive increase of \$52 million.

Methodology and Considerations for Future Impact Studies

This impact study was conducted using version seven of the Regional Economic Models Incorporated (REMI) economic model. Numbers for active duty military and federal civilian employment were drawn from the Department of Defense Directorate for Information Operations and Reports. This included employment numbers for all Department of Defense programs. Numbers for the Army Reserve and National Guard were included in the summary. However, there was no breakdown of full-time versus part-time employment for Army Reserve and National Guard members. For this reason, all Army Reserve and National Guard employees reported were counted in the impact study as reservists. Including a count of full-time employees of the Army Reserve and National Guard would have increased the impact reported in this study. For this reason, this impact should be considered conservative.

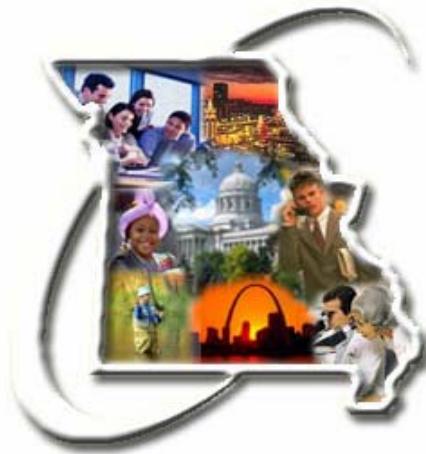
A second piece of information missing from this impact study was the number of Department of Defense contractors working in Missouri. In the future, the Military Commission may want to consider gathering and including this information since much of the contract work in a state is centered on military installations in that state and can therefore be considered to be part of the economic impact of the military on the state economy.

MISSOURI ECONOMIC RESEARCH AND INFORMATION CENTER

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

Providing value-added research with customer focus.

Making Missouri the best place to live, work, vacation and conduct business.



Analysis and Reporting by Lucia DeMaio

For more information

www.MissouriEconomy.org

580 Harry S Truman Building
PO Box 3150

Jefferson City, MO 65102-3150

PHONE 573-751-3595 • FAX 573-751-8385

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT



MISSOURI ECONOMIC RESEARCH & INFORMATION CENTER